



## **USAID’s and SIDA’s Fostering Agricultural Markets Activity (FARMA).**

USAID and Sida are planning to partner in the design and implementation of a five year agricultural and agri-business development program in BiH titled **“Fostering Agricultural Markets Activity” (FARMA).**

The objective of FARMA is *rapid, sustainable and broad-based* economic growth through demand-driven assistance aimed at improved competitiveness of BiH agricultural and food producers. The purpose of FARMA is to expand environmentally sustainable production, processing and sales of value added agricultural products. FARMA will provide targeted *demand-driven assistance* to agricultural associations, cooperatives, market integrators and Small and Medium Enterprises (SMEs) in targeted (sub)sectors to take advantage of domestic, regional and international market opportunities.

The three criteria: *rapid, sustainable and broad-based economic growth* of agricultural and food sector will feed into the *choice of sub-sectors* as well as *type of assistance* provided.

FARMA through collaborative process with BiH stakeholders will develop specific program activities where USAID and SIDA assistance will yield a greatest rate of return while addressing needs of the whole (sub)sector market chain. Depending on which constraints in the market chain are determined to be priorities, FARMA will work to build capacity in meeting production quality requirements, promotion programs or processing capacity. Specific assistance activities will be carefully evaluated and prioritized based upon expected benefits measured in increase of sales, employment, new investments and exports. FARMA will also work with relevant associations, Regional Development Agencies and other BiH stakeholders to build their capacity to formulate policy issues, develop strategies to implement priority reforms and effectively lobby for policy changes with BiH governments at all levels.

FARMA is expected to have BiH-wide coverage and a decentralized project management with a very strong field presence.

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Components of the FARMA program are the following, where the sub-activities listed below are illustrative.

**1) Building Market Linkages**

Sustainable market linkages

Analysis of export markets and products, including visits to major trade fairs and study tours

Product development, design and marketing

Improved quality of products to meet standards and certification requirement of EU and other markets

**2) Access to Finance**

Assist agricultural cooperatives, associations, market integrators and SMEs to obtain loans from commercial banks and other financial institutions

Facilitate lending through USAID's Development Credit Authority Loan Guarantee Program with BiH commercial banks.

Facilitate venture funding and foreign and domestic direct investment

**3). Technical Assistance and Capacity Building**

Productivity improvement

Manufacturing processes improvement;

Introduction of new technologies and innovation

Quality Management Systems and International Standards

Workforce Development and Training

Educational institutions' and advisory services organization development

**4.) Policy**

FARMA will be expected to identify policy road blocks to agricultural cooperatives, associations, market integrators and SMEs in targeted sectors and facilitate creation or assist existing sustainable consultative mechanisms so that strategies, policies and regulations are discussed, drafted and implemented in partnership with public and private stakeholders.

Increase private sector and public sector capacity for product certification and standardization in line with the EU *acquis* and market requirements

### **FARMA Cross cutting:**

There are four key cross cutting principles for all FARMA activities as well as a cross-cutting FARMA program resource, the FARMA grant fund.

**Ownership:** All FARMA activities will be conducted in closest cooperation and partnership with local counterparts to ensure their full ownership and transition and the future sustainability and growth of selected agricultural and food (sub)sectors.

**EU-alignment:** A key cross-cutting element and consideration for all FARMA activities is support for BiH's alignment processes in agriculture and food (sub) sectors with the EU *acquis* and EU-market requirements. Specifically, all FARMA assistance will focus on increasing the capacity of all local actors (farmers, associations, enterprises, cooperatives, NGOs, policy makers and regulatory bodies) for the EU accession process and EU market requirements.

**Equal opportunity:** FARMA will provide all commercial agricultural producers and other members of the value chain with equal opportunities to participate in all FARMA activities and to benefit from project-funded assistance. In recognition of a possible imbalance in opportunity accessibility, the FARMA implementer shall make special efforts to ensure that producers owned and managed by women or minorities are beneficiaries of project-funded assistance. These efforts include but are not limited to outreach and publicity of project opportunities.

**Environmental best practises:** FARMA will support environmental best practices in production, processing, value added transformation and marketing of agricultural and food products across all areas of FARMA assistance. The productivity, profitability, competitiveness and sustainability of agricultural producers are increasingly recognized as being inextricably linked to sound environmental management and the FARMA implementer will be required to apply this principle in all of its assistance activities.

**FARMA Grant Fund:** FARMA will manage a Grant Fund that will be leveraged for activities across all of the above four areas of assistance and used for development of public-private partnerships. The anticipated value of grant fund is approximately \$2 million. The overarching objective of the FARMA Grant Fund will be to serve as catalyst to private and public investment and have substantial impact on agricultural and food value chains, clusters or other clearly identifiable industry and/or public good.

As an illustration, the FARMA Development Fund will be used to promote innovative ideas and new technologies, assist producers to meet international quality standards, promote collaboration on marketing and promotion of products, specific research, workshops, trainings and public education.

**Timing:** It is anticipated that the tender notice will be published in December of 2008. FARMA program is expected to be operational by Summer, 2009. FARMA is envisioned as a four-year

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activity to be implemented as a three plus one year option.

**Procurement:** SIDA and USAID intend to use competitive procurement to award the contract for implementation of FARMA. The value of contract is expected to be up to \$14 million. The solicitation of the FARMA procurement will be advertised in Tenders Electronic Daily ([www.ted.europa.eu](http://www.ted.europa.eu)), the Swedish procurement website and [www.FedBizOpps.gov](http://www.FedBizOpps.gov), the US government website for procurement opportunities.

**Feedback:** Interested BiH counterparts can submit their written comments regarding the above outlined FARMA design through USAID BiH website: [sme@usaid.gov](mailto:sme@usaid.gov) and SIDA website: [www.swedenabroad.com/Page\\_\\_\\_\\_\\_61800.aspx](http://www.swedenabroad.com/Page_____61800.aspx)

Please note that while your comments will be reviewed by SIDA and USAID and might be taken into account for the design of FARMA, SIDA and USAID will not be able to provide you with feedback regarding your comments or answer your specific questions.

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